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C O N F I D E N T I A L SECTION 01 OF 04 SHANGHAI 000128

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TAGS: [PREL](#) [PGOV](#) [ECON](#) [ELAB](#) [SOCI](#) [PHUM](#) [CH](#)
SUBJECT: UNIVERSITY STUDENTS IN SHANGHAI SEE ROUGH ROAD AHEAD FOR
CHINA, BLEAK JOB PROSPECTS

REF: A) SHANGHAI 115; B) SHANGHAI 23; C) 08 SHANGHAI 467; D) SHANGHAI 39; E) BEIJING 448; F) SHANGHAI 126; G) BEIJING 682

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Consulate, Shanghai, U.S. Department of State.
REASON: 1.4 (b), (d)

11. (C) Summary: During a series of roundtable discussions, university students in Shanghai said they see a rough road ahead for China over the next several years but believe the economic downturn will help China in the long run if it leads to economic restructuring. Although many students were skeptical that government stimulus measures will boost domestic rural consumption in the near future, they see little alternative to placing their faith in the Chinese Government. Most students have seen the greatest impact of the economic crisis on their own job prospects. Many lamented their dearth of options and expressed a preference for stable government or university jobs since opportunities in the private sector, especially in multinational corporations (MNCs), have dried up. Government measures such as increasing the number of graduate students may lead to "diploma laundering," said one scholar. End summary.

12. (SBU) Poloff held separate roundtable discussions in Shanghai with students at Fudan University, Jiaotong University, Tongji University, and Shanghai International Studies University (SISU) in February and March. The discussions involved a total of about 40 undergraduate, Masters, and PhD students, most majoring in international relations, public policy, political science, and finance. This is the second of two reports on discussions with university students, this one focusing on the students' perspectives on China's future amid the global economic downturn and job prospects. The first report looked at their outlook on the future of U.S.-China relations (Ref A).

China Faces a Tough Road Ahead the Next Few Years

13. (SBU) Many of these students expect the next 3-5 years will be "tough" for China, as the Chinese Government deals with myriad domestic problems including rising unemployment caused by a slowdown in China's export industries. China needs to boost its domestic consumption and lessen its dependence on exports, said several students, but they were skeptical that current government stimulus measures will have a significant impact on domestic consumption. The Central Government is currently focused on boosting consumption in rural areas, which represent a huge potential market, but the government needs to first make rural consumers confident about their future by providing greater social security, said a PhD student at Fudan University. "These farmers do not want to buy a new TV; they feel they need to save money for healthcare and education," he said. This sentiment was shared by other university students who expressed skepticism that government stimulus measures will boost domestic consumption without first resolving social welfare issues. "The most important thing is to create a social safety net so people feel comfortable spending," said an MA student at SISU.

Crisis Creates Opportunity for China

14. (SBU) Most of these Shanghai students told Poloff they are somewhat optimistic about the long-term future of China since they believe the global economic crisis will force the country to undergo necessary reforms. "This poses a good opportunity for China to change its development model," moving away from an export-oriented, resource-consuming economy to a more "diversified" one, said a Fudan student. An MA student at SISU thinks the economic crisis will be "good for China" in the long run because "it will lead to social restructuring and reforms." Many migrant workers who lost jobs in coastal cities have acquired special skills and exposure to the outside world, which

will help them start their own businesses in the countryside, said another Fudan student. She cited the experience of her relatives who were recently laid-off by factories in Guangdong but returned to their hometown in Sichuan to start their own

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businesses. A silver lining to the crisis on the international front, said an MA student at Fudan, is that China may experience less external criticism, particularly from the United States on issues like human rights, since China's help is needed to overcome the crisis.

"We Will Have 8 Percent Growth...If Premier Wen Says So"

15. (SBU) Some students expressed confidence that the Chinese Government will put China's economy back on track. The Central Government will "conquer this crisis" by implementing the right policies, said an MA student at Jiaotong University. Other students were more nuanced about the Chinese Government's role, expressing their hope that the government will adopt the right measures. Chinese people have proved their resilience throughout history and will surely overcome the current economic crisis, said an MA student at Tongji, but the Communist leadership's future depends on if it can put "the people first and implement reforms." Several students expressed skepticism of the government's official target of 8 percent GDP growth this year. "If Premier Wen says we will have 8 percent growth, then we will have 8 percent," quipped an MA student at SISU. In the end, "we have no choice but to believe the Chinese Government will do the right thing," he added.

Mixed Impact of Economic Crisis

16. (SBU) Many of these students in Shanghai told Poloff they have not seen much direct impact of the economic crisis in Shanghai. "Shopping malls (in Shanghai) are still packed with shoppers...if you just look around, it's hard to imagine an economic crisis is going on," said a student at Fudan. Another Fudan PhD student said he thinks the crisis' impact has been different for China and the United States. In the United States, everyone, especially the middle class, has been impacted by the crisis, whereas in China, the poor, low-income workers have been impacted the most, he said. The middle class consumers in Shanghai are still relatively unaffected, said several students, who have so far seen very few shop closures in Shanghai.

17. (SBU) The situation outside of Shanghai is mixed depending on the region and industry, said the students. One student with family in Yiwu, Zhejiang Province (a city heavily dependent on commodity exports) said the family's export business has been hard hit and will probably lay-off workers. (Note: For more on Yiwu, see Refs B and C. End note.) One student said a relative in Wuxi, Jiangsu Province, recently lost a job at an auto parts company, which is planning to lay-off one thousand workers. A student from Sichuan recently returned to her rural hometown during the Chinese New Year (CNY) holiday. She did not notice any changes in her village, as most of its residents are farmers tilling their own fields, she said. A student originally from Henan Province, on the other hand, saw many unemployed migrants returning from coastal cities on his recent trip there during the CNY holiday. Many factories from Shanghai, Suzhou (Jiangsu Province), and Wuxi are moving into the countryside to cut cost, causing new environmental problems in those areas, said a student from Yancheng, Jiangsu Province. There was almost no pollution in his hometown until recently, when factories from more developed cities started moving in. Now, there is "no safe drinking water" in Yancheng, he lamented. A student from Xian, Shaanxi Province said she saw "life as usual" on her recent trip home during the CNY, adding that her mother's company, a local railway infrastructure SOE, is actually doing better this year, probably due to government stimulus measures. Another student said his mother's hospital in Hubei Province is doing fine since "there will always be sick people," but his father's import/export company is suffering.

Glum About Jobs: "We Need to Lower Our Expectations"

18. (SBU) These university students in Shanghai have seen the biggest impact of the economic crisis on their own job

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prospects. All roundtable participants, including students who are not graduating and looking for jobs this year, had stories to tell either of themselves or friends and relatives undergoing what they characterized as a job-hunting "nightmare." Jobs in the private sector, especially MNCs, have dried up almost completely, they said. Many MNCs are freezing new hiring and are in a "wait and see" mode this year, said several students. An MA student at Tongji said competition even for internships at MNCs has been very intense this year. According to one student at Fudan, the top 10 percent of students graduating from Fudan's College of Economics usually have no problem finding high-paying jobs in multinational consulting and investment firms, but most this year are "settling" for jobs in accounting firms despite longer work hours and reduced pay. "We have to lower our expectations," said several students. SOEs may actually benefit from this downturn, since the more qualified students who would otherwise work for MNCs may have no option but to work for SOEs this year, said one student.

19. (SBU) These students see dwindling options in the private sector and are increasingly looking for "stable" jobs in

government and universities. The number of teaching, research, and assistant positions in universities and research institutes has largely been unaffected by the economic downturn, said several students and professors of these universities. Most of the PhD participants in these discussions who will be graduating this year said their first choice would be a job in a university or research institute.

110. (C) All these students put government jobs at the top of their list, but they see increased competition in this area. (Note: Liu Xiangping, Professor at Nanjing University, said in a separate conversation that there are 170,000 more university graduates taking the civil service exam this year than last year. This figure has not been verified. End note.) One MA student at Fudan said he received an offer from a furniture company with a base monthly salary before taxes of 3800 RMB (USD 560). He will soon take the exam for a local government position, however, and if he passes, he will opt for the government job. Though the government salary may be lower, "it is more stable with good benefits," he said. Local district governments within Shanghai, such as Jingan and Changning districts, are also opening up positions for university graduates this year, said several students who were planning to apply for these positions. (Note: In a separate conversation, Shanghai Party Secretary Yu Zhengsheng told the Consul General that securing employment for university graduates is a top concern for the Shanghai Municipal Government. See Ref D. End note.)

111. (SBU) Some of these students expressed their desire to put off job-hunting and continue studying, either domestically or overseas, until the economic storm passes. A BA student at Fudan who will be graduating this year said she decided to pursue an MA degree in Canada since jobs in the private sector are scarce. Students returning from overseas with foreign language and international experience will only increase the level of competition in the local job market, lamented some students currently not planning to study abroad. Several students mentioned that the job situation for students in "second and third-tier" universities was particularly tough, and many of their friends at these universities have just "given up" on job-hunting this year and are looking to continue studying, mostly at "second tier" universities overseas to acquire language skills.

Government Measures and "Diploma Laundering"

112. (C) Hua Tao, Professor at Nanjing University Hopkins Center, said during a separate conversation that the Ministry of Education recently announced plans to increase the number of students in professional postgraduate programs, such as Master of Business Administration (MBA) and Master of Public Administration (MPA), by 50,000 this year and has allocated

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every university with a "quota." According to Zhu Mingquan, Professor in the Department of International Politics at Fudan University, the local government is providing Fudan with additional funding this year to increase its number of graduate students. He said Fudan had no full-time students pursuing MPA degrees last year, but this year, the university will admit 100 full-time students in the MPA program. Zhu said such measures could lead to "diploma laundering" (i.e., students from second and third tier universities pursuing MA degrees at first tier universities like Fudan so they can present themselves as "Fudan graduates" to potential employers). (Note: For more on government measures to assist university graduates, see Refs E and F. End note.)

Comment

113. (C) These roundtable discussions were held at "first tier" elite universities in Shanghai. These university students are widely recognized as the "cream of the crop" in Shanghai; in any other year, they probably would have little trouble finding good jobs. The fact that even these students are facing anxiety and difficulty finding jobs this year does not bode well for students from lesser universities. Several professors in separate discussions talked of government efforts to send university students back to their rural hometowns to work in local governments and schools, and a couple of students at these roundtables expressed some interest in doing this. Most of these students in Shanghai, however, expressed a strong preference for staying in Shanghai, even if it means not finding a job for months or, possibly, much longer. The situation may be relatively calm now since the job-hunting season just began, but anxiety and anger among university graduates could pick up if they still have not found jobs by the end of 2009, said some professors. The issue of graduate unemployment is obviously very sensitive for the Chinese and local governments, as Poloff discovered during a recent trip to Nanjing, Jiangsu Province, where requests to hold discussions with university students at Nanjing University and Nanjing Normal University were rebuffed by university FAOs, who deemed this subject too sensitive. Several professors in Nanjing were also reluctant to discuss this issue. The roundtables in Shanghai were organized directly through university professors already well-known to Poloff.

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